

AMENDED IN SENATE JUNE 28, 2005

AMENDED IN ASSEMBLY MAY 27, 2005

AMENDED IN ASSEMBLY MAY 2, 2005

AMENDED IN ASSEMBLY APRIL 21, 2005

AMENDED IN ASSEMBLY APRIL 7, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

---

**ASSEMBLY BILL****No. 1388**

---

**Introduced by Assembly Member Ridley-Thomas**

February 22, 2005

---

An act to ~~amend Section 280 of, and to add and repeal Section 280.1 of, the~~ *add and repeal Section 280.1 of the* Public Utilities Code, relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

AB 1388, as amended, Ridley-Thomas. Telecommunications: California Teleconnect Fund Administrative Committee Fund: Community Based Supplemental Education Demonstration Grant Program and Telemedicine Demonstration Grant Program.

Existing law establishes the California Teleconnect Fund Administrative Committee to advise the Public Utilities Commission regarding the commission's responsibilities for the development, implementation, and administration of a program to advance universal telephone service by providing discounted rates to qualifying schools, libraries, hospitals, health clinics, and community organizations. Existing law establishes the California Teleconnect Fund Administrative Committee Fund in the State Treasury, and provides that moneys in the fund, collected by telephone corporations in utility

rates authorized by the commission and deposited into the fund, may only be expended for the purposes authorized, upon appropriation in the annual Budget Act. The annual Budget Act for 2003 provided for a loan of \$150,000,000 to the General Fund from the California Teleconnect Fund Administrative Committee Fund. Existing law provides for the repayment of that loan.

This bill would authorize the commission to establish, until January 1, 2013, a Community Based Supplemental Education Demonstration Grant Program and a Telemedicine Demonstration Grant Program, meeting certain requirements, with all funding for the programs coming from the moneys repaid to the fund from the moneys loaned by the fund to the General Fund in the annual Budget Act of 2003. Awards under the grant programs would be for the use of advanced telecommunications networks to deliver supplemental education services to pupils—and, to provide telemedicine services, *to local educational agencies, as defined, and to California Community College off-campus centers, as defined.*

Under existing law, a violation of the Public Utilities Act or an order or direction of the commission is a crime.

Because the provisions of this bill would be a part of the act and because a violation of an order or decision of the commission implementing its requirements would be a crime, the bill would impose a state-mandated local program by creating a new crime.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1     ~~SECTION 1. Section 280 of the Public Utilities Code is~~  
2     ~~amended to read:~~  
3     ~~280. (a) The commission shall develop, implement, and~~  
4     ~~administer a program to advance universal service by providing~~  
5     ~~discounted rates to qualifying schools, libraries, hospitals, health~~  
6     ~~clinics, and community organizations, consistent with Chapter~~  
7     ~~278 of the Statutes of 1994.~~  
8     ~~(b) There is hereby created the California Teleconnect Fund~~  
9     ~~Administrative Committee, which is an advisory board to advise~~  
10    ~~the commission regarding the development, implementation, and~~  
11    ~~administration of a program to advance universal service by~~  
12    ~~providing discounted rates to qualifying schools, libraries,~~

1 hospitals, health clinics, and community organizations, consistent  
2 with Chapter 278 of the Statutes of 1994, and to carry out the  
3 program pursuant to the commission's direction, control, and  
4 approval.

5 ~~(e) All revenues collected by telephone corporations in rates~~  
6 ~~authorized by the commission to fund the program specified in~~  
7 ~~subdivision (a) shall be submitted to the commission pursuant to~~  
8 ~~a schedule established by the commission. Commencing on~~  
9 ~~October 1, 2001, and continuing thereafter, the commission shall~~  
10 ~~transfer the moneys received, and all unexpended revenues~~  
11 ~~collected prior to October 1, 2001, to the Controller for deposit in~~  
12 ~~the California Teleconnect Fund Administrative Committee~~  
13 ~~Fund. All interest earned by moneys in the fund shall be~~  
14 ~~deposited in the fund.~~

15 ~~(d) Moneys appropriated from the California Teleconnect~~  
16 ~~Fund Administrative Committee Fund to the commission shall be~~  
17 ~~utilized exclusively by the commission for the program specified~~  
18 ~~in subdivision (a) and Section 280.1, including all costs of the~~  
19 ~~board and the commission associated with the administration and~~  
20 ~~oversight of the program and the fund.~~

21 ~~(e) Moneys loaned from the California Teleconnect Fund~~  
22 ~~Administrative Committee Fund to the General Fund in the~~  
23 ~~Budget Act of 2003 are subject to Section 16320 of the~~  
24 ~~Government Code. If the commission determines a need for~~  
25 ~~moneys in the California Teleconnect Fund Administrative~~  
26 ~~Committee Fund, the commission shall notify the Director of~~  
27 ~~Finance of the need, as specified in Section 16320 of the~~  
28 ~~Government Code. The commission may not increase the rates~~  
29 ~~authorized by the commission to fund the program specified in~~  
30 ~~subdivision (b) while moneys loaned from the California~~  
31 ~~Teleconnect Fund Administrative Committee Fund in the Budget~~  
32 ~~Act of 2003 are outstanding unless both of the following~~  
33 ~~conditions are satisfied:~~

34 ~~(1) The Director of Finance, after making a determination~~  
35 ~~pursuant to subdivision (b) of Section 16320 of the Government~~  
36 ~~Code, does not order repayment of all or a portion of any loan~~  
37 ~~from the California Teleconnect Fund Administrative Committee~~  
38 ~~Fund within 30 days of notification by the commission of the~~  
39 ~~need for the moneys.~~

~~(2) The commission notifies the Director of Finance and the Chairperson of the Joint Legislative Budget Committee in writing that it intends to increase the rates authorized by the commission to fund the program specified in subdivision (a). The notification required pursuant to this paragraph shall be made 30 days in advance of the intended rate increase.~~

~~(f) Subdivision (c) shall become inoperative upon full repayment or discharge of all moneys loaned from the California Teleconnect Fund Administrative Committee Fund in the Budget Act of 2003.~~

~~SEC. 3—~~

*SECTION 1.* Section 280.1 is added to the Public Utilities Code, to read:

280.1. (a) Moneys repaid to the California Teleconnect Fund Administrative Committee Fund pursuant to Section 16320 of the Government Code, shall be deposited into the fund and upon appropriation by the Legislature, may be expended for the purpose of providing advanced telecommunication network services to community technology programs that deliver supplemental education services to pupils in grades 6 to 12, inclusive, ~~and~~ to health care facilities that offer telemedicine services, *or to local educational agencies and California Community College off-campus centers.*

(b) For purposes of this section, the following terms have the following meanings:

(1) “Administering entity” means the entity selected pursuant to subdivision (c).

(2) “*Community College off campus center*” means a center providing services and functions pursuant to Chapter 5 (commencing with Section 88530) of Part 52 of the Education Code.

~~(2)—~~

(3) “Community technology program” means a program that is engaged in diffusing telecommunications technology in local communities and training local communities in the use of telecommunications technology, that otherwise would have no access, or only limited access, to the Internet and other advanced telecommunications technologies.

~~(3)—~~

(4) “Health care facility” means a facility that *has tax-exempt status pursuant to Section 501(c)(3) of the Internal Revenue Code and that provides health care services directly to patients, including, but not limited to, a hospital that meets the definition of a small or rural hospital as defined by the Office of Statewide Health Planning and Development, a clinic, including a licensed primary care clinic as defined in paragraph (1) of subdivision (a) of Section 1204 of the Health and Safety Code, a tribal health clinic exempt from state licensing pursuant to subdivision (c) of Section 1206 of the Health and Safety Code, and a nonprofit rural health clinic, as defined in federal Public Law 95-210, as defined in subdivision (a) of Section 124840 of the Health and Safety Code, or located in a rural Medical Study Area, as defined by the Office of Statewide Health Planning and Development and in accordance with the most recent census, a licensed primary care clinic, as defined in paragraph (1) of subdivision (a) of Section 1204 of the Health and Safety Code, a hospital outpatient department located in a health care shortage area and certified as a Rural Health Clinic by the Secretary of Health and Human Services, a tribal health clinic exempt from state licensing pursuant to subdivision (c) of section 1206 of the Health and Safety Code, a diagnostic or treatment center, a neuropsychiatric or mental health facility, a hospice, or a nursing home, and meets all of the following criteria:*

(A) ~~It has tax-exempt status pursuant to paragraph (3) of subsection (c) of Section 501 of the Internal Revenue Code.~~

(B) ~~It is located in a geographic area that is either deemed under federal law, or designated by the Office of Statewide Health Planning and Development, as a medically underserved area, a health professional shortage area, or as serving, in whole or in part, a medically underserved population.~~

~~(4)~~

(5) “Local educational agency” means a school district or county office of education.

(6) “Online learning resources” means community telecommunications technology programs involved in activities that include one or more of the following:

(A) Providing pupils with access to online courses in subject areas required for graduation from middle school or high school.

1 (B) Providing pupils with access to online tutoring or to  
2 support pupils' work in subject areas required for graduation  
3 from middle school or high school.

4 (C) Providing pupils with a tutor that provides assistance with  
5 accessing online information and digital resources for use as part  
6 of homework assignments.

7 (D) Providing pupils with a tutor who will provide remedial  
8 instruction using online resources.

9 (E) Preparing pupils for employment using online courses or  
10 materials, or by enabling online collaboration with industry  
11 professionals.

12 (F) Online coaching provided by high school or college  
13 counselors or financial aid experts.

14 ~~(5)~~

15 (7) "Telemedicine" means the practice of health care delivery,  
16 diagnosis, consultation, treatment, transfer of medical data, and  
17 education using interactive audio, video, or data  
18 communications, ~~consistent with Section 2290.5 of the Business~~  
19 ~~and Professions Code.~~

20 (c) The commission, in consultation with the California  
21 Teleconnect Fund Administrative Committee, may appoint a  
22 third-party administrator, or more than one administrator, to  
23 administer the grant programs that may be established under this  
24 section, upon the repayment of moneys from the General Fund to  
25 the California Teleconnect Fund Administrative Committee Fund  
26 pursuant to Section 16320 of the Government Code. Any  
27 third-party administrator appointed by the commission shall  
28 demonstrate all of the following:

29 (1) Experience working with low-income or underserved  
30 communities.

31 (2) Knowledge about, and experience in, community  
32 technology programs.

33 (3) The ability to implement a process for applying for and  
34 recommending the awarding of grants that results in grants being  
35 awarded based upon merit.

36 (4) Experience and responsibility in managing and  
37 administering public trust or charitable funds.

38 (d) (1) Not more than the lesser of 5 percent of the moneys  
39 appropriated pursuant to this section or five hundred thousand  
40 dollars (\$500,000) per fiscal year, may be expended for the

1 state's administration, including the costs of the commission and  
2 the administering entity.

3 (2) Upon notification by the commission, the Controller shall  
4 pay all grant awards, for the purposes enumerated in this section  
5 from the moneys appropriated pursuant to this section. The  
6 eligibility of each award shall be determined by the administering  
7 entity, consistent with any procedures or rules adopted by the  
8 commission in consultation with the California Teleconnect Fund  
9 Administrative Committee. The commission shall award grants  
10 based on the commission's review of the recommendations of the  
11 administering entity.

12 (e) (1) Upon the appropriation of moneys pursuant to this  
13 section, the commission may establish the Community Based  
14 Supplemental Education Demonstration Grant Program to  
15 demonstrate the benefits of community technology programs that  
16 use the advanced telecommunications networks of California's  
17 educational entities to deliver supplemental educational services  
18 to pupils.

19 (2) Consistent with any procedures or rules established by the  
20 commission, in consultation with the California Teleconnect  
21 Fund Administrative Committee, the commission may provide  
22 community technology programs, *and public libraries* with  
23 grants pursuant to the Community Based Supplemental  
24 Education Demonstration Grant Program. Grants shall be  
25 awarded on the basis of competitive merit, for a three-year  
26 period, subject to criteria to be established by the commission, in  
27 consultation with the California Teleconnect Fund  
28 Administrative Committee. The criteria shall ensure that funds  
29 are widely disbursed, and available to both urban and rural areas.  
30 Grants shall be awarded to qualifying community-based  
31 nonprofit organizations that are exempt from taxation under  
32 Section 501(c)(3) of the Internal Revenue Code, *and public*  
33 *libraries*, for the purpose of funding projects that demonstrate the  
34 capacity for community technology programs to increase the  
35 academic achievement of pupils in grades 6 to 12, inclusive,  
36 through the use of online learning resources. Grants may be  
37 renewed on an ongoing basis, every three years, provided that the  
38 community technology program can demonstrate that the  
39 program has contributed to the academic achievement of pupils  
40 served.

(3) A community technology program may apply for and receive grants pursuant to the Community Based Supplemental Education Demonstration Grant Program, to pay costs associated with all of the following:

(A) All of the one-time costs for installing circuits that transmit data at or above 1.54 megabytes-per-second between the community technology program's site and a county office of education, a campus of the California Community Colleges, a campus of the California State University, or a campus of the University of California.

(B) Up to an additional 30 percent of the amount that the community technology program is otherwise eligible to receive pursuant to ~~this section~~ Section 280.

(C) Up to 50 percent of the estimated amount that a campus of the California Community Colleges, a campus of the California State University, or a campus of the University of California would otherwise be eligible to receive if the campus were eligible to receive discounts pursuant to Section 280 and had a 155 megabit-per-second connection from the campus to the backbone network used by *local educational agencies* and the higher education segments, not including any costs related solely to telephone service.

(4) Recipients of grants under the Community Based Supplemental Education Demonstration Grant Program shall be required, as a condition for the receipt of moneys under the program, to annually report to the commission by January 1 of each year, that information required by the commission to evaluate the effectiveness of the program.

(5) The commission shall report to the Governor and the Legislature by April 1 of each year, on the results of the Community Based Supplemental Education Demonstration Grant Program, including the effect of the program on broadband subscription.

(6) The procedures and rules for awarding grants shall ensure that the grants awarded do not exceed annual moneys available to support the program and that no one applicant receive more than 25 percent of the designated program funds in a single fiscal year.

(7) Any costs associated with the Community Based Supplemental Education Demonstration Grant Program shall



1 only be paid from the California Teleconnect Fund  
2 Administrative Committee Fund.

3 (f) (1) Upon appropriation of moneys pursuant to this section,  
4 the commission may establish the Telemedicine Demonstration  
5 Grant Program to demonstrate the benefits of health care  
6 facilities that use advanced telecommunications networks of  
7 California educational entities or other public networks to deliver  
8 telemedicine services.

9 (2) Consistent with any procedures or rules established by the  
10 commission, in consultation with the California Teleconnect  
11 Fund Administrative Committee, the commission may provide  
12 health care facilities with telemedicine grants pursuant to the  
13 Telemedicine Demonstration Grant Program. Grants shall be  
14 awarded on the basis of competitive merit, for a three-year  
15 period, subject to criteria to be established by the commission, in  
16 consultation with the California Teleconnect Fund  
17 Administrative Committee. The criteria shall ensure that funds  
18 are widely disbursed, and available to both urban and rural areas.  
19 Grants shall be awarded to a qualifying health care facility  
20 approved for discounts pursuant to Section 280. Grants may be  
21 renewed on an ongoing basis every three years, provided that the  
22 health care facility can demonstrate effective utilization of  
23 telemedicine resources by the local community.

24 (3) A qualifying health care facility may apply for and receive  
25 grants pursuant to the Telemedicine Demonstration Grant  
26 Program, to pay costs associated with all of the following:

27 (A) All of the one-time costs for installing circuits that  
28 transmit data at or above 1.54 megabytes-per-second between the  
29 health care facility and a county office of education, *a campus of*  
30 *the California Community Colleges*, a campus of the California  
31 State University, or a campus of the University of California that  
32 agrees to provide a gateway to the education network or to  
33 provide telemedicine services as defined in Section 2290.5 of the  
34 Business and Professions Code. The purpose of providing the  
35 gateway is to provide the eligible health care facility access to  
36 telecommunications services needed to provide telemedicine  
37 services and to provide access to high-speed Internet services.

38 (B) Up to an additional 30 percent of the amount that the  
39 health care facility is otherwise eligible to receive pursuant to  
40 ~~this section~~: *the higher of this section or Section 280.*

(C) Up to 50 percent of the estimated amount that a campus of the California Community Colleges, a campus of the California State University, or a campus of the University of California would otherwise be eligible to receive if the campus were eligible to receive discounts pursuant to Section 280 and had a 155 megabit-per-second connection from the campus to the backbone network used by *local educational agencies* and the higher education segments, not including any costs related solely to telephone service.

(4) Recipients of grants under the Telemedicine Demonstration Grant Program shall be required, as a condition for receipt of moneys under the program, to annually report to the commission by January 1 of each year, that information required by the commission to evaluate the effectiveness of the program.

(5) The commission shall report to the Governor and the Legislature by April 1 of each year, on the results of the Telemedicine Demonstration Grant Program.

(6) The procedures and rules for awarding grants shall ensure that the grants awarded do not exceed annual moneys available to support the program and that no one applicant receives more than 25 percent of the designated program funds in a single fiscal year.

(7) Any costs associated with the Telemedicine Demonstration Grant Program shall only be paid from the California Teleconnect Fund Administrative Committee Fund.

*(g) Upon the appropriation of moneys pursuant to this section, the commission may reimburse local educational agencies and California Community Colleges for the one-time costs of installing new or enhancement of existing circuits that transmit data at or above 1.54 megabytes-per-second between the school district, county office of education, or California Community College off-campus center and the appropriate access point to the backbone network used by local educational agencies and the higher education segments.*

*(h) The commission shall not increase the rates authorized by the commission to fund the California Teleconnect Fund Administrative Committee Fund above the rates in effect as of June 30, 2005, in order to fund the programs authorized by this section.*

1     ~~(g)~~—  
2     *(i)* This section shall remain in effect only until January 1,  
3     2013, and as of that date is repealed, unless a later enacted  
4     statute, that is enacted before January 1, 2013, deletes or extends  
5     that date.

O